



## United States Fish & Wildlife Service

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### Memorandum

06/09/2003

**From** AD - Budg, Planning & Hum Res  
**Title** Open Season for the Federal Flexible Spending Account Program

The first open season to enroll in the Flexible Spending Account (FSA) Program began May 19 and ends June 20 for the initial FSA Plan Year (July 1 through December 31, 2003).

Eligible employees can elect to enroll in the healthcare FSA (HCFSA) and/or dependent care FSA (DCFSA). For the HCFSA, you may elect a maximum of \$3,000 per plan year and for the DCFSA, you may elect an annual maximum of \$5,000. For both benefits, the minimum election is \$250.

**What is a Flexible Spending Account?** An FSA enables employees to pay for certain health and dependent care benefits with pre-tax dollars which can save the employee approximately 30 - 35 percent out-of-pocket health and dependent care expenses since the dollars are not taxed for Federal, State, local, OASDI, or Medicare.

**Who is eligible to participate in the FSA program?** Any employee who is eligible for Federal Employees Health Benefits (FEHB) coverage may elect to enroll in the FSA program upon entering on duty. All employees with qualified dependents may elect to enroll in the DCFSA except temporary employees with no fixed work schedule (when actually employed) whose tour of duty is 6 months or less.

**When is the effective date for this open season?** The initial plan year for the FSA program begins July 1 and ends December 31, 2003. Employees will be able to receive reimbursement for eligible expenses incurred on or after July 1.

**How do I enroll?** While Open Season began May 19, OPM is unable to take actual enrollments at this time. This is due to agency inquiries and possible Congressional action prompting OPM to accelerate its review of administrative fees associated with the FSA program. OPM expects this review to be completed shortly, at which time it will begin to accept FSA enrollments. In the interim, through OPM's web site (link provided directly below), you can provide your name if you are interested in enrolling. You can also provide an email address to receive notification when enrollments will be accepted. The following specifically describes how to enroll.

During the first open season you will be able to enroll via the internet or the telephone. There is

a web-based enrollment system at <http://www.fsafeds.com> that will let you know which FSA you are eligible to elect. You can also call the toll-free number (1-877-FSA FEDS [372-3337]). Beginning May 19, customer service representatives will be available from 9 a.m. until 9 p.m., eastern time, Monday through Friday, to answer questions and assist employees who wish to enroll via the phone. If you are hearing impaired, the TTY/TDY number is 800-952-0450.

**What are eligible expenses?** Expenses that are incurred during the plan year are eligible for reimbursement under a HCFSA and/or DCFSA.

Expenses that meet the following criteria may be reimbursed under a HCFSA:

- tax-deductible;
- related to the diagnosis, treatment or cure of a medical condition, mitigation or prevention of disease that affects any part or function of the body;
- are primarily to alleviate or prevent a physical or mental defect or illness;
- are not reimbursed by FEHB or any other source; and
- are incurred by you and/or any dependent you claim on your federal income tax return.

Insurance premiums of any kind-non-FEHB coverage, Federal Long Term Care Insurance, Medicare Part B, Tricare, etc., do not qualify for reimbursement. FEHB premiums are already deducted pre-tax through premium conversion.

Expenses of a family member that meet the following criteria may be reimbursed under a DCFSA:

- under age 13; and/or
- a person of any age whom you claim as a dependent on your federal income tax return;
- mentally or physically incapable of caring for himself or herself; and
- the care is necessary to allow you and if married, your spouse to work.

**How does an FSA work?** You will need to determine an amount to allot on an annual basis and make your election to your FSA(s). Each pay period, payroll will deduct equal installments of the annual allotment and deposit into your FSA(s). For instance, if you elect to contribute \$1,040 to your HCFSA and \$520 to your DCFSA, payroll will allot \$40 and \$20, respectively. These allotments will be made before taxes are calculated.

**How do I receive reimbursement?** Employees can draw upon their FSA accounts for reimbursement as they incur eligible expenses. When you incur an eligible expense, you will pay out-of-pocket and then submit a claim for reimbursement. All claims must have the appropriate documentation such as an itemized receipt or an explanation of benefits.

**Will any unused amount in my FSA account be returned to me?** Any unused amount in your FSA account will be forfeited at the end of the plan year.

**Are there any additional costs to the employees to participate in the FSA program?** At this

time, you will pay a monthly fee per account to cover administrative costs. For the HCFSA, the fee is \$4 for every month you participate, and for the DCFSA, the fee equals 1.5% of the entire amount you elect. The amount due will be computed for the plan year and deducted from the first claim for reimbursement of a covered expense. OPM is currently reviewing the issue of administrative fees. Accordingly, this guidance could be subject to change at any time.

**When is the next FSA open season?** The open season for the 2004 plan year will be from November 10 through December 8. Subsequent FSA open seasons will coincide with the FEHB open season for the plan year which begins the next January 1.

**Do I have to make an election each year?** All elections are voluntary and must be made on an annual basis during the open season for the upcoming plan year. FSA's are not carried over from year to year.

**Where can I find additional information?** You may call the dedicated toll-free number (1-877-FSA FEDS [372-3337]) or visit the web site at <http://www.shps.net> or OPM's web site at <http://www.fsafeds.com>. If you are hearing impaired, the TTY/TDY number is 800-952-0450.

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*Our mission is, working with others, to conserve, protect and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people.*